

## Charity checklist

### Introduction

The aim of this checklist is to help your charity review its procedures. It highlights particular areas which could cause problems for charities. It is recommended that such a review should be undertaken at least annually.

If you do answer “no” to any of the questions, this does not mean necessarily that your charity is not compliant with charity regulations - the area may not be relevant to your organisation. You should, however, seek clarification from your professional advisers or the Charity Commission.

Other useful checklists that can also assist an “internal audit” are the Charity Commission publications CC8 Internal Financial Controls and CC10 Hallmarks of an Effective Charity.

### Trustees and their Responsibilities

- 1 Have the trustees been provided with copies of, and properly understood, the governing document?
- 2 Are the trustees aware of their responsibilities (as contained in Charity Commission publications CC3 and CC3a)?
- 3 Do your trustees ensure that the charity has purpose and direction and is this monitored regularly?
- 4 Do all trustees have knowledge of the charity’s financial position?
- 5 Do trustees have a good understanding of the charity’s activities, for example overseeing trading activities, having due regard to investments, ensuring tax

affairs are managed properly and monitoring the budgets?

- 6 Are the trustees reviewing their own performance at regular intervals to see what improvements are required?
- 7 Do your trustees need trustee indemnity insurance?
- 8 What is your charity’s policy on trustee recruitment and does it comply with the Charity Commission’s best practice guidelines?
- 9 Do new charity trustees undergo an induction process?
- 10 Do you check that new trustees are not disqualified from acting as charity trustees?

### Financial Considerations

- 1 Do you keep proper books and records and do your accounts comply with SORP 2005?
- 2 Do trustees approve annual budgets and is performance of the charity measured against the budgets at regular intervals?
- 3 Are salaries paid properly and personnel records kept separately from wages records?
- 4 Do you ensure that all expenditure is properly authorised and that all purchases made are for legitimate purposes?
- 5 Do you comply with any stipulation in your governing document concerning who can sign cheques?
- 6 Are payments of expenses and other payments to trustees in accordance with the governing document and are these payments shown clearly in the charity’s accounts?

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## Charity checklist (continued)

- 7 Do you make regular checks of your income records and check any discrepancies?
- 8 Have you ensured that your bank accounts are checked regularly and that statements are inspected regularly by trustees?
- 9 Do you take professional investment advice when it is needed and are controls in place? Do you review the performance of your investments and has the charity instigated an investment policy?
- 10 Do you file annual accounts and an annual report with the Charity Commission?
- 11 Does the charity have a policy regarding holding reserves?
- 12 Are invoices checked against orders made? Is the quality and quantity of goods supplied checked against orders made?

### Internal Controls

- 1 Do you comply with charity law and if necessary company or trust law?
- 2 Are all meetings minuted and are the minutes available to all trustees?
- 3 Is the conduct of the charity's affairs open (unless there is a genuine need for confidentiality)?
- 4 Can you demonstrate that the charity's activities are supporting, or will support, the charity's objects?
- 5 Are full records held of all investments and records kept in a secure place?
- 6 If there are sub committees, do the trustees ensure that the work of the sub committees is overseen?

### Employment

- 1 Do you comply with your duties under the Health and Safety at Work Act 1974 to ensure a safe working environment for your employees?
- 2 Is PAYE set up and in operation?
- 3 Are your volunteers truly volunteers or have they become employees?
- 4 Do your employees have contracts?
- 5 Have you considered how the law governing equal opportunities in employment affects you?
- 6 Do you know how the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) requires you to deal with mergers with other charities?
- 7 Have you complied with the national minimum wage and do you ensure that provisions of the Working Time Regulations 1998 (as amended) are upheld?
- 8 How family friendly is your charity? Do you allow employees to take the correct amount of parental leave, maternity leave and paternity leave?
- 9 If you employ part-time staff are you properly considering their legal rights?
- 10 Are you aware of the current law on whistle blowing and do you protect employee rights?
- 11 Do you know whether the charity is able to make an ex-gratia payment to a retiring employee?

### Political Activities

- 1 Does your charity engage in political activities?

## Charity checklist (continued)

- 2 Are your political activities directly related to the charity's work and designed to further its aims, and are they ancillary to the charity's objects?
- 3 Do the charity's governing documents permit political activities?
- 4 Is the information provided to the public accurate and non-biased?

### Internet

- 1 Do you use email correctly, for example, do you ensure final versions of contractual documents are sent by post not email?
- 2 Have you safeguarded the system by using document encryption and virus checkers?
- 3 Do you know whether the charity is compliant with intellectual property regulations (copyright, trade marks, design rights, etc)?

### Data Protection

- 1 Do you know how the Data Protection Act 1998 and the Privacy and Electronic Communications Regulations 2003 (as amended) affect you?
- 2 Are you clear about the difference between 'personal data' and 'sensitive personal data' and is your staff properly trained to ensure compliance with the legal requirements?
- 3 Do you know the penalties for non-compliance, which includes a personal liability of the officers, directors and trustees for breaches?

### Fundraising

- 1 Do you have a permit for your street collections and a licence or exemption for your house to house collections? Do

you comply with the money recording regulations?

- 2 Have you instated internal control systems to safeguard money raised by public donations?
- 3 Do you make regular checks to ensure due amounts are received from Gift Aid donations and that all eligible tax repayments are used?
- 4 Do you know the recommendations of the Institute of Charity Fundraising Managers with regard to telephone fundraising and do you abide by them?
- 5 If you run, or intend to run, challenge events to raise funds, do you know the possible pit-falls you should avoid?
- 6 If you use professional fundraisers, do you comply with the requirements if the fundraising regulations including a written agreement between the fundraiser and the charity?
- 7 Do you know the tax consequences of your fundraising event?

### Trading

- 1 Do you know your charity's limits on trading activity?
- 2 Does your charity undertake any primary purpose or ancillary trading?
- 3 Should the charity consider establishing a subsidiary trading company?

### Property

- 1 Do you know in whose name your charity's land/buildings is held?
- 2 Does the charity have appropriate and adequate insurance for the property?
- 3 Do you know whether you are able to dispose of the charity's land?

## Charity checklist (continued)

- 4 Can the charity mortgage the land held by or in trust for the charity?

### Disclaimer

This information sheet has been prepared to highlight some key issues relating to charity procedures. It is intended to be for general guidance only and is not a substitute for specific advice. It is based upon our understanding of the legal position

as at January 2010 and may be affected by subsequent changes in the law. Should you require any specific legal advice on the issues covered, please contact Jeremy Passmore on 01892 510000 or by email at [jeremy.passmore@ts-p.co.uk](mailto:jeremy.passmore@ts-p.co.uk)

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